(a) whether it is fact that data relating to exports and product classification (ITCHS) were found to be seriously flawed resulting in wrong projections and calculations;

(b) if so, the details in this regard, including the loss suffered on this account, sector-wise; and

(c) what measures have been taken to rectify the situation?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) and (b) Exporters do not always furnish correct codes in the Customs documents (Shipping Bill) due to lack of awareness about ITC Harmonised System of Classification of Export and Import Items. Directorate General of Commercial Intelligence & Statistics (DGCI&S) through its validation programme generates list of such errors and rectifies them before releasing trade statistics.

(c) All Export Promotion Councils/Commodity Boards in association with Directorate General of Foreign Trade and DGCI&S are organizing workshops on the subject of quality trade data and the exporters/importers are being sensitized through an outreach programme.

Suggestions of UNCTAD

2289. SHRI B.J. PANDA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that United Nations' Conference on Trade Development has asked India to accelerate the development of its manufacturing industry instead of concentrating on IT based services, to maintain its GDP growth;

(b) if so, the details thereof; and

(c) what is the action plan of Government to ensure further productivity gains in manufacturing sector?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) The Trade and Development Report (TDR) 2005 published by United Nations' Conference on Trade Development (UNCTAD) echoes the sentiment

that in India, the share of industry in GDP has remained constant while that of services has risen rapidly. This might pose a challenge for sustained growth, as productivity increases in the services sector are normally less strong than in the manufacturing sector. Therefore, it would be important to acelerate the development of its manufacturing industry for India to be able to maintain its GDP growth.

(b) The TDR points out that a shift towards manufacturing is crucial in India, if it is to sustain its impressive economic performance. Though TDR does not clearly suggest a focus on manufacturing sector at the expense of the IT based services sector, it expresses uncertainty whether their share in India's export earnings can rise much further-thereby making a case for the Indian IT sector to move up the value addition chain and not remain trapped at the low end of the market, exporting services such as debugging, testing, conversion and installation of software. The TDR observed that historically, there has been no case of economic catch-up based on the development of the services sector where the scope for productivity gains is more limited than in manufacturing. While the IT revolution has certainly changed the potential for the services sector to support rapid growth in developing countries, the size of the world market for IT based services is smaller than that for manufactures. The TDR also strongly advocates, for both China and India, technology up-gradation to support more diversified and higher value added production to maintain economic growth, as more developing countries develop capacities to produce labour-intensive manufactured goods resulting in higher competition in manufactured exports. It also indicates that in India export dynamism in manufacturing is likely to become stronger and that it is widely expected that improvement in transport facilities and continued reforms with improvement in transport could reduce current disadvantage of other sectors (other than IT) in exporting.

(c) The Government has put in place various policies to promote industrial growth. Besides delicensing of industrial capacity, liberalisation of foreign trade regime to provide better access to inputs at competitive prices and rationalization and reduction of customs and excise were carried forward. The Budget 2005-2006 also contains a number of measures related to manufacturing and infrastructure, envisaging favourable impact on industrial growth. Besides, Industrial Infrastructure Upgradation Scheme (IIUS) has been launched to enhance international